



Republic of the Philippines  
**Supreme Court**  
 Manila

**FIRST DIVISION**

**ANA DE JOYA and CIRIACO DE JOYA, LERMA R. CASTILLO and MARIO CASTILLO, SPOUSES DOMINGO CORDERO and LEONCIA CORDERO, AND RICARDO VILLALOBOS, as the surviving Heirs of SPOUSES EUFRONIO CORDERO and TARCILA C. CORDERO,**  
*Petitioners,*

**G.R. No. 228999**

- versus -

**FRANCISCO P. MADLANGBAYAN, substituted by RODESINDA F. MADLANGBAYAN and MARIA LOURDES M. MONTALBO, THE REGISTER OF DEEDS FOR THE PROVINCE OF BATANGAS, SPOUSES ROLANDO DALIDA and MARIA FLORITA DALIDA, SPOUSES GEORGE GUILLET and CONCHITA GUILLET, SPOUSES ROSENDO RAMOS and ISABELITA RAMOS, RENATO GO, CHOLLIE MAGNAYE-GO, VENECIO H. MAGNAYE, CRISTETA SALCEDO-MAGNAYE and JAYSON MAGNAYE,**  
*Respondents.*

Present:

GESMUNDO, *C.J.*,  
 CAGUIOA,  
 CARANDANG,  
 ZALAMEDA, and  
 GAERLAN, *JJ.*

Promulgated:

**APR 28 2021**

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**DECISION**

**GAERLAN, J.:**

Before this Court is a petition for review on *certiorari*<sup>1</sup> under Rule 45 of the Rules of Court seeking to annul and set aside the Decision<sup>2</sup> dated

<sup>1</sup> *Rollo*, pp. 10-47.

<sup>2</sup> *Id.* at 48-68; penned by Associate Justice Jane Aurora C. Lantion, with Associate Justices Fernanda Lampas-Peralta and Nina G. Antonio-Valenzuela, concurring.

September 26, 2016, of the Court of Appeals (CA) in CA-G.R. CV No. 105049, and its Resolution<sup>3</sup> dated December 28, 2016, denying the motion for reconsideration thereof. The assailed issuances granted the appeal and reversed and set aside the *Judgment* dated December 10, 2014, of the Regional Trial Court (RTC) of Batangas City, Branch 84.

### The Antecedent Facts

Petitioners Ana de Joya and Ciriaco de Joya, Lerma R. Castillo and Mario Castillo, Spouses Domingo Cordero and Leoncia Cordero, and Eufronio Cordero and Tarcila Cordero (petitioners) are the registered owners of two parcels of agricultural land – Lot Nos. 5 and 6, consisting of an area of 140,327 square meters and 31,465 square meters, respectively (subject properties). Both are located at Barrio Concordia, Alitagtag, Batangas, and are covered by Transfer Certificate of Title (TCT) No. T-64767.<sup>4</sup>

By virtue of a Special Power of Attorney dated January 23, 1992, and a *Pangkalahatang Gawad ng Kapangyarihang Hindi Natitinag* dated February 5, 1996, petitioners granted respondent Francisco P. Madlangbayan (respondent Madlangbayan) the authority to sell the subject properties.<sup>5</sup>

Sometime during the first half of April 1996, respondent Madlangbayan received a counter-offer from respondents Spouses Ma. Florita and Rolando Dalida, Spouses Guillermo and Rosalinda Cano, and spouses Rosendo and Isabelita Ramos (respondents Dalida, et al.). The counter-offer was rejected by the petitioners in a letter<sup>6</sup> dated April 10, 1996, viz.:

Bauan, Batangas

April 10, 1996

Rolando Z. Dalida  
Chairman of the Board  
Rural Bank of Bauan Inc.  
Bauan, Batangas

My dear Mr. Dalida,

I regret to inform you that after conferring with my client, the owner of the parcel of land I have been authorized to sell, they could not agree on almost all of your counter offer, particularly on the amount of the total

<sup>3</sup> Id. at 69-71.

<sup>4</sup> Id. at 51.

<sup>5</sup> Id.

<sup>6</sup> Id. at 13-14.

consideration and the terms of payment. This is so because they are in great need of cash and the amount of SEVENTEEN MILLION (P17,000,000.00) PESOS is non-negotiable. However, if you could give a better offer I could agree to give you the right to buy the property after May 31, 1996.

Very truly yours,

(signed)

Francisco P. Madlangbayan

Subsequent thereto, petitioners alleged that former Mayor Rod A. Macalintal in a meeting with petitioner Eufronio Cordero (petitioner Eufronio), agreed to accept their offer to sell the subject properties at the price of P100.00 per square meter. The agreement however did not push thru due to a conflict in respondent Madlangbayan's commission. The latter supposedly claimed a share of P13,600,000.00 commission out of the P17,000,000.00 purchase price.<sup>7</sup>

Due to the disagreement, the petitioners executed a *Revocation of Special Power of Attorney and General Power of Attorney* on May 3, 1996, rescinding respondent Madlangbayan's authority over the subject properties.<sup>8</sup>

On June 5, 1996, the petitioners sent a letter to respondent Madlangbayan, demanding, in view of the revocation of the power of attorney, for the latter to surrender the owner's duplicate certificate of title.<sup>9</sup> As the demand remained unheeded, the petitioners filed an Affidavit of Adverse Claim on TCT No. 64767 before the Registry of Deeds of Batangas on July 1, 1997.<sup>10</sup>

On July 14, 1997, a complaint for revocation of authority was filed by the petitioners against respondent Madlangbayan. In response, the latter replied that the authority could no longer be revoked as he had already sold the property pursuant to the power of attorney given him.<sup>11</sup>

Petitioners filed a *Supplemental Complaint/Petition* dated January 26, 1998, impleading as defendants herein respondents Dalida, et al. for entering into a conspiracy with respondent Madlangbayan in executing a fake *Deed of Absolute Sale*, dated April 8, 1996, over the subject properties.<sup>12</sup>

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<sup>7</sup> *Id.* at 14.

<sup>8</sup> *Id.* at 52.

<sup>9</sup> *Id.* at 15.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

On March 21, 2000, petitioners filed a *Second Supplemental Complaint/Petition* praying for additional damages on account of the lost owner's duplicate certificate of title over the subject properties.<sup>13</sup>

During trial, the petitioners presented evidence which tend to prove that they had rejected the initial proposal submitted to them for the sale of the subject properties and that respondent Madlangbayan's authority to sell the subject properties had been revoked due to a misunderstanding in the latter's commission.<sup>14</sup>

Further, petitioners averred that on a separate occasion, on November 8, 1998, petitioner Eufronio discovered a letter dated April 10, 1996, addressed to respondent Rolando Dalida in which the subject properties were offered to the latter for a non-negotiable amount of ₱17,000,000.00. Thereafter, petitioner Eufronio was surprised to learn that the subject properties were sold to respondent spouses Dalida for the amount of ₱10,000,000.00 by virtue of a *Deed of Absolute Sale* dated April 8, 1996.<sup>15</sup>

For their part, respondents Dalida, et al. claim that sometime in 1995, respondent Madlangbayan, armed with a special power of attorney, offered the subject properties to them for the amount of ₱17,000,000.00. Respondents Dalida, et al. made a counter offer of ₱10,000,000.00 which was accepted. Consequently, with the execution of a *Deed of Absolute Sale* dated April 8, 1996, the purchase price of ₱10,000,000.00 was deposited in respondent Madlangbayan's account in the Rural Bank of Bauan. The owner's duplicate copy of title over the subject properties was then given to respondents Dalida, et al.<sup>16</sup>

After trial, the RTC rendered its Decision<sup>17</sup> on August 8, 2002, which found respondents Dalida, et al., to be buyers in good faith, thereby ruling as follows:

WHEREFORE, judgment is hereby rendered in favor of [respondent Madlangbayan and respondents Dalida et al.] upholding the validity of the Special Powers of Attorneys (Exhibits "B" and "C") and the Deed of Absolute Sale (Exhibit "K").

The amount in escrow deposit on (sic.) Ten Million Pesos (Php10,000,000.00) with the Rural Bank of Bauan shall be paid and

<sup>13</sup> Id. at 53.

<sup>14</sup> Id.

<sup>15</sup> Id.

<sup>16</sup> Id. at 54.

<sup>17</sup> Rendered by Presiding Judge Paterno V. Tac-an. Id., records, vol. IV, p. 1028.

delivered to the [petitioners] or their authorized representatives by the [respondents] and the said bank.

The counterclaims are likewise DISMISSED sans evidence of bad faith in filing this case. No pronouncement as to cost.

SO ORDERED.<sup>18</sup>

The petitioners filed an appeal before the CA, docketed as CA G.R. CV No. 77685. While the appeal was pending, the petitioners filed a *Motion for New Trial (On the Ground of Newly Discovered Evidence)*. In its Resolution<sup>19</sup> dated December 13, 2005, the CA granted the motion, viz.:

WHEREFORE, finding the instant "MOTION FOR NEW TRIAL (On the Ground of Newly Discovered Evidence)" to be impressed with merit, the same is hereby GRANTED. Guided by Section 4, Rule 53 and Sections 3 and 6, Rule 37 of the Revised Rules of Court, the assailed 8 August 2002 Decision of the Regional Trial Court of Batangas City, Branch 84, is SET ASIDE. Said court is ordered to HOLD a trial *de novo* within a non-extendible period of thirty (30) days from notice. This Court's Judicial Records Division (Civil Records Section) is hereby DIRECTED to REMAND the entire records of this case to the court *a quo*.

SO ORDERED.<sup>20</sup>

In the course of the new trial, the petitioners presented evidence which tend to establish the circumstances attending Certificate of Time Deposit (CTD) No. 7290 dated April 10, 1996, in the name of respondent Madlangbayan. The proceedings likewise revealed that the subject properties had been sold by respondents Dalida, et al. to respondent spouses Chollie Go and Renato Go (respondents Go, et al.) by virtue of a Deed of Absolute Sale, dated April 24, 2003, and that the owner's duplicate certificate of title is now in the possession of respondent Chollie's brother, Renato Go.<sup>21</sup>

With the new information, petitioners filed a *Third Supplemental Complaint* dated November 16, 2006, impleading respondents Go, et al. in the case.<sup>22</sup>

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<sup>18</sup> *Rollo*, p. 54.

<sup>19</sup> Penned by Associate Justice Vicente S.E. Veloso, with Associate Justices Bienvenido L. Reyes (now a retired member of this Court) and Amelita G. Tolentino, concurring. *Rollo*, p. 55, Records, Vol V, pp. 2-13.

<sup>20</sup> *Id.* at 55.

<sup>21</sup> *Id.* at 55, 87.

<sup>22</sup> *Id.*

On March 8, 2007, petitioners filed a *Motion for Summary Judgment/Judgement on the Pleadings*. Despite respondents Go, et al.'s opposition, the RTC rendered its *Decision (New)*<sup>23</sup> dated June 27, 2007. The RTC found that the price of the sale was simulated and unpaid; and that the records are bereft of evidence to prove good faith on the part of respondents Dalida, et al. Thus, the RTC upheld the rights of the petitioners over the subject properties. The dispositive portion of the Decision reads:

WHEREFORE, judgment is hereby rendered in favor of the plaintiffs and against the defendants:

- a. Ordering the [respondents], namely Renato Go, Chollie Go, Venecio H. Magnayee, Cristela Salcedo-Magnaye and Jayson Magnaye to vacate and deliver to [petitioners] the two (2) parcels of land in question including improvements, both covered by TCT No. T-64767 issued by the Register of Deeds for the Province of Batangas being the property located in Barrio Concordia, Municipality of Alitagtag, Province of Batangas. x x x
- b. To pay lost or unrealized income (rental): for the 14.0327 hectares and 3.1465 hectares xxx
- c. To pay the interest of 6% per annum on the respective amounts jointly by all [respondents] from the date of this decision until fully paid;
- d. To pay moral damages jointly by all [respondents] in the amount of P300,000.00; and P100,000.00 as exemplary damages;
- e. To pay attorney's fee in the amount of P215, 573.00 which was incurred by the [petitioners] from January 1998 to July 2002 to be paid jointly by the [respondents Dalida, et al.] only;
- f. To pay attorney's fee in the amount of P348, 515.00 which was the attorney's fee incurred by the [petitioners] from April 2003 to April 2007 to be paid jointly by [respondents Dalida, et al.] and [respondents Go et al.] and;
- g. Costs[s] of suit.

SO ORDERED.<sup>24</sup>

Motion for Reconsideration of the June 27, 2007 Decision of the RTC having been denied, respondents Go, et al. filed an appeal before the CA. The case was docketed as CA-G.R. CV No. 90502.<sup>25</sup>

<sup>23</sup> Rendered by Presiding Judge Paterno V. Tac-an. *Rollo*, p. 56, records, vol. VI, pp. 277- 288.

<sup>24</sup> Id. at 56-57.

<sup>25</sup> Id. at 57.

On December 17, 2009, the CA rendered its Decision<sup>26</sup> finding the appeal meritorious, thus:

WHEREFORE, in view of the foregoing, the appeal is GRANTED. The decision dated June 27, 2007 assailed herein is SET ASIDE. The case, with its entire records, is ordered REMANDED to the trial court for continuation of proper proceedings on the merits which must be conducted with dispatch.

SO ORDERED.<sup>27</sup>

On January 5, 2010, petitioners filed a Motion for Reconsideration, but the same was denied by the CA in its Resolution<sup>28</sup> dated July 23, 2010.<sup>29</sup>

In accordance with the December 17, 2009 Decision of the CA, the RTC issued an Order setting the case for continuation of trial on October 25, 2012.<sup>30</sup>

In the course of the proceedings in the court below, respondents Go, et al. presented the testimony of respondent Jayson Magnaye. Magnaye testified that at the time of sale, a certain Diosdado Andal leased a portion of the subject properties. After the sale, respondents Go, et al. took possession and introduced improvements on the subject properties. However, on February 14, 2008, petitioners forcibly took the subject properties.<sup>31</sup>

On December 10, 2014, the RTC rendered its Judgment<sup>32</sup> in favor of the petitioners and against the respondents. The dispositive portion of which reads:

WHEREFORE, premises considered, the Court finds that a preponderance of evidence exists in favor of the [Petitioners] and against the [Respondents]. Judgment is hereby rendered, as follows:

1) The Special Power of Attorney dated January 23, 1992 and General Power of Attorney dated February 5, 1996 executed in favor of [Respondent] Francisco Madlangbayan are annulled, revoked and terminated, for all intents and purposes;

<sup>26</sup> Penned by Associate Justice Arcangelita M. Romilla-Lontok with Associate Justices Arturo G. Tayag and Sixto C. Marella, Jr., concurring. *Id.*, records, vol. VII, pp. 5-21.

<sup>27</sup> *Id.*, *id.* at 21.

<sup>28</sup> Penned by Associate Justice Stephen C. Cruz, with Associate Justices Isaias P. Dicedican and Danton Q. Bueser, concurring. *Id.*, *id.* at 32-33.

<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> *Id.* at 58

<sup>32</sup> Rendered by Presiding Judge Dorcas P. Ferriols-Perez. *Id.* at 57, records, vol. VII, p. 183.

2) The Deed of Sale dated April 8, 1996 executed by [Respondent] Francisco Madlangbayan and [Respondents] Spouses Rolando Dalida and Ma. Florita Dalida, Spouses George Guilet and Conchita Guilet, Spouses Guillermo Cano and Rosalinda Cano, and Spouses Rosenda Ramos and Isabelita Ramos is void *ab initio* for lack of consideration;

3) The subsequent Deed of Sale dated January 2003 between [Respondents Dalida, et al.] and [Respondents Go et al.] is null and void as the spring cannot rise higher than its source. Accordingly, [Respondents Dalida, et al.] are DIRECTED to return to [Respondents Go, et al.] the purchase price paid in the amount of Eight Million Two Hundred Fifty-Thousand Pesos (Php8,250,000.00) with appropriate legal interest from time of sale until fully paid.

4) [Respondents Go, et al.] did not acquire the subject lots in good faith and for value; as builders in bad faith, they lose the improvements they built without right to indemnity.

5) The [Petitioners] are ORDERED to choose one of the following options: (a) to appropriate for themselves the improvements made without indemnifying [Respondents Go, et al.] for the value of the materials; or (b) to recover portions of the subject lot and demand that [Respondents Go, et al.] demolish whatever improvements they had made therein, so as to return the said portions to their former condition, at the expense of the latter, or (c) to surrender the said portions to [Respondents Go, et al.] and compel the latter to reimburse the [Petitioners] for the purchase price, plus appropriate interest; and to manifest to this Court the option chosen, furnishing copies thereof to all the [Respondents] within five (5) days from receipt hereof.

6) In view of the finding that [Respondents Go, et al.] are not purchasers in good faith, and depending on the option chosen by the [Petitioners], as enumerated in paragraph 5 hereof;

(a) In case the [Petitioners] choose the option under paragraph 5(a), [Respondents Go, et al.] are ORDERED to vacate the premises and surrender possession of the improvement and subject lot to the [Petitioners], if the said [Respondents Go, et al.] still exercise possession over said lot, within ten (10) days from receipt of the option exercised by the [Petitioners].

(b) In case the [Petitioners] choose the option under paragraph 5(b), [Respondents Go, et al.] are ORDERED to demolish whatever improvements it has made on the said portions, so as to return the same to their former condition, at its own expense and to surrender to the [Petitioners] the possession over the subject lots, if the said [Respondents Go et al.] still exercise possession over the said lot, within ten (10) days from receipt of the option exercised by the [Petitioners].

(c) In case the [Petitioners] choose the option under paragraph 5(c), [Respondents Go, et al.] are ORDERED to pay the [Petitioners] for the subject lot to be pegged at the current fair market value, plus appropriate interest.

7) All of the [Respondents] are ORDERED to solidarily pay the [Petitioners] the unrealized or lost rental income in the amount of Twelve Thousand Pesos (Php12,000) a year for one parcel of 14.0327 hectares, or One Hundred Sixty-Eight Thousand Three Hundred Ninety-Two Pesos and Forty Centavos (Php168,392.40) per annum, to be computed from June 5, 2003 until February 14, 2008.

8) [Respondents Madlangbayan and Dalida, et al.] shall be jointly liable to pay the unrealized or lost rental income in the amount of Twelve Thousand Pesos (Php12,000) a year for the parcel of land with the area of 3.1465 heceters, or Thirty-Seven Thousand Seven Hundred Fifty-Eight Pesos (Php37,758.00) per annum, to be computed from June 5, 2003 until February 14, 2008.

9) All of the [Respondents] are ORDERED to solidarily pay the [Petitioners] the amount of Three Hundred Thousand Pesos (Php300,000.00) as moral damages, One Hundred Thousand Pesos (Php100,000.00) as exemplary damages, and Four Hundred Thousand Pesos (Php400,000) as attorney's fees;

10) All of the [Respondents'] counterclaims are DISMISSED for lack of merit. [Respondents Go, et al.'s] cross-claim against [co-respondent Madlangbayan] for whatever loss and damage they may suffer is likewise DENIED for lack of sufficient evidentiary basis.

SO ORDERED.<sup>33</sup>

Respondents Go, et al. filed a Motion for Reconsideration but the same was denied by the RTC in its Order dated March 31, 2015.<sup>34</sup> Thus, respondents Go, et al. filed an appeal before the CA.

On September 26, 2016, the CA rendered the herein assailed Decision<sup>35</sup> which found as follows:

WHEREFORE, the instant Appeal is GRANTED. The *Judgment* of the Regional Trial Court of Batangas City, Branch 84, in Civil Case No. 4887 is hereby REVERSED and SET ASIDE. [Petitioners] are hereby ordered to vacate the subject property and deliver possession thereof to [Respondents] Chollie Magnaye-Go, Cristeta S. Magnaye and Jayson Magnaye.

SO ORDERED.<sup>36</sup>

In so ruling, the CA held that the *Deed of Absolute Sale* dated April 8, 1996, is valid as all the elements of a valid contract of sale is present.

<sup>33</sup> Id. at 49-51.

<sup>34</sup> Id. at 58.

<sup>35</sup> Id. at 48-68.

<sup>36</sup> Id. at 68.

Having been executed by respondent Madlangbayan prior to the revocation of the power of attorney, the CA held that his act of conveying the property is a valid source of obligation to bind the petitioners, thus, the element of consent is satisfied. With respect to the subject matter, the CA noted that the *Deed of Absolute Sale* dated April 8, 1996 describes in sufficient detail the subject properties. Finally, as to the purchase price, the CA found that the Deed is supported by a purchase price of ₱10,000,000.00, paid in full to respondent Madlangbayan through CTD No. 7290 dated April 10, 1996 and placed in escrow with Bauan Rural Bank.<sup>37</sup>

In holding that the *Deed of Absolute Sale*, dated April 8, 1996, is supported by adequate consideration, the CA adjudged irrelevant the fact that CTD No. 7290, dated April 10, 1996, is not included in the inventory of outstanding deposit liabilities of Bauan Rural Bank as of its closure date on May 9, 2003, or that the Philippine Deposit Insurance Corporation (PDIC) certified that as of the date they took over the bank on May 13, 2003, no document was found to validate the CTD account. The CA concluded that, notwithstanding, there is no sufficient proof to rule that that CTD No. 7290 dated April 10, 1996 does not exist as the PDIC was only able to look into available records provided to them by the rural bank.<sup>38</sup>

Considering that the transfer of the subject properties through the *Deed of Absolute Sale*, dated April 8, 1996, is valid, the CA ruled that the subsequent sale between respondents Dalida and respondents Go, et al. is also valid. That a Notice of *Lis Pendens*, dated July 14, 1997, is annotated on the subject titles at the time of sale to respondents Go, et al. does not render the transfer invalid but merely subjects the same dependent upon the outcome of litigation.<sup>39</sup>

Motion for Reconsideration of the said Decision having been similarly denied by the CA in its Resolution<sup>40</sup> dated December 28, 2016, the petitioners filed the instant Petition for review on *certiorari*.

In support of the instant petition, the petitioners raise the following errors committed by the CA:

I

THE COURT OF APPEALS GRAVELY ERRED WHEN A SALE TRANSACTION WAS CONSUMMATED ON 8 APRIL 1996 AS EVIDENCED BY THE DEED OF ABSOLUTE SALE OF THE SAME DATE BEFORE PETITIONERS REVOKED THE POWER OF

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<sup>37</sup> Id. at 60-62.

<sup>38</sup> Id. at 63-65.

<sup>39</sup> Id. at 67.

<sup>40</sup> Id. at 69-71.

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ATTORNEY GRANTED TO MADLANGBAYAN; OTHERWISE STATED, THE COURT OF APPEALS GRAVELY ERRED WHEN IT DID NOT FIND THAT THE DEED OF ABSOLUTE SALE DATED 8 APRIL 1996 WAS ABSOLUTELY SIMULATED.

II.

THE COURT OF APPEALS GRAVELY ERRED WHEN IT DISREGARDED THE NUMEROUS JUDICIAL AND EXTRAJUDICIAL ADMISSIONS BY THE RESPONDENTS' PREDECESSORS-IN-INTEREST, THE DALIDAS AND MADLANGBAYAN ESTABLISH THAT THERE WAS NO CONSUMMATED SALE TRANSACTION AS OF 8 APRIL 1996 CONTRARY TO THE DEED OF ABSOLUTE SALE OF SAID DATE.

III.

THE COURT OF APPEALS GRAVELY ERRED WHEN, WITHOUT ANY EVIDENCE OF EITHER THE EXISTENCE OF CERTIFICATE OF TIME DEPOSIT NO. 7290 OR OF THE ACTUAL CASH PAID TO THE PETITIONERS, IT FOUND THAT THERE WAS VALUABLE CONSIDERATION FOR THE ALLEGED CONSUMMATED SALE.

IV.

THE COURT OF APPEALS GRAVELY ERRED WHEN IT DID NOT APPLY THE BEST EVIDENCE RULE AND THE REQUIREMENTS FOR THE PRESENTATION OF SECONDARY EVIDENCE BUT MERELY ASSUMED AS ESTABLISHED FACT, THE EXISTENCE OF CTD NO. 7290.

V.

THE COURT OF APPEALS GRAVELY ERRED WHEN IT FAILED TO APPRECIATE AS APPLICABLE THE PRESUMPTION THAT EVIDENCE WILLFULLY SUPPRESSED WOULD BE ADVERSE IF PRODUCED WITH RESPECT TO THE REFUSAL AND FAILURE OF THE DALIDAS, MADLANGBAYAN AND THE RURAL BANK OF BAUAN TO DEPOSIT IN COURT OR THE LAND BANK OF THE PHILIPPINES THE ALLEGED P10 MILLION CONSIDERATION FOR THE ALLEGED CONSUMMATED SALE TRANSACTION.

VI.

THE COURT OF APPEALS GRAVELY ERRED IN CONCLUDING THAT CTD NO. 7290 DID EXIST BASED ON A MERE UNSUBSTANTIATED CONJECTURE DEVOID OF ANY EVIDENTIARY BASIS.<sup>41</sup>

Succinctly, the instant petition rests on the determination of the issue of whether or not a valid contract of sale was entered into involving the subject properties.

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<sup>41</sup> Id. at 18-19.

### Ruling of the Court

Petitioners submit that the CA erred in relying upon the existence of the *Deed of Absolute Sale* dated April 8, 1996. They claim that the purported contract of sale is simulated citing, in the main, in support thereof: the failure of respondent Madlangbayan and respondents Dalida, et al. to reach an agreement as evidenced by a letter dated April 10, 1996, and want of evidence of payment constituting valuable consideration.<sup>42</sup>

In its Comment,<sup>43</sup> respondents Go, et al. aver that the *Deed of Absolute Sale* dated April 8, 1996, is valid as all the elements of a contract of sale is present. They assert that the law and the rules presume the existence of a sufficient consideration in every contract and the burden is upon the petitioners to prove otherwise. In the case at bar, respondents Go, et al. claim that the petitioners failed to overcome such presumption and show that CTD No. 7290 does not exist. Further, respondents Go, et al. argue that there was no actual receipt by the petitioners of the consideration does not render the contract inexistent. At most, the same constitutes a breach of contract that may be the subject of an action for specific performance.<sup>44</sup>

The petition is **meritorious**.

At the outset, it bears to state that the issue presented invites the Court to determine factual issues that is generally beyond the province of a petition for review. Under Rule 45 of the Rules of Court, only questions of law should be raised in a petition for review on *certiorari*. However, the rule admits of jurisprudentially established exceptions as when the findings of fact of the RTC and the CA are conflicting, similar to the case at bar.<sup>45</sup>

On its face, the *Deed of Absolute Sale* dated April 8, 1996, involving the subject properties appears to be valid and supported by an adequate consideration, but the attendant circumstances indicate otherwise.

There are two veritable legal presumptions that support the validity of a Deed of Sale: (1) that it was the result of a fair and regular private transaction, and (2) that there was sufficient consideration for the contract. However, these presumptions merely infer *prima facie* the transaction's validity and may be rebutted by proof to the contrary.<sup>46</sup> Thus, jurisprudence

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<sup>42</sup> Id. at 30.

<sup>43</sup> Id. at 86-98.

<sup>44</sup> Id. at 90-92.

<sup>45</sup> *Medina v. Mayor Asistio, Jr.*, 269 Phil. 225 (1990).

<sup>46</sup> *Heirs of Policronio M. Ureta, Sr., et al. v. Heirs of Liberato M. Ureta, et al.*, 673 Phil. 188, 209 (2011).

instructs that even the existence of a signed document purporting to be a contract of sale does not preclude the finding that the contract is invalid when the evidence shows that there was no meeting of minds between the seller and the buyer.<sup>47</sup>

In this controversy, these presumptions are negated by evidence and the circumstances surrounding the execution of the *Deed of Absolute Sale* dated April 8, 1996.

The first presumption is contravened by evidence that the contract of sale is simulated.<sup>48</sup>

A contract to be valid, requires for its existence the presence of three essential elements: (1) consent of the contracting parties; (2) object certain which is the subject matter of the contract; and (3) cause of the obligation which is established.<sup>49</sup>

The absence of any of these elements renders the contract void. In particular, when an apparent contract exists but the consent is wanting, the contract is absolutely simulated.<sup>50</sup> This is because in absolute simulation, the colorable contract is not desired to produce legal effect or in any way alter the judicial relation of the parties.<sup>51</sup> Otherwise put, in absolute simulation, there appears to be a contract but it has no substance as the parties have no intention to be bound by it.<sup>52</sup>

In a simulated deed of sale for instance, the contract may appear to be supported by a cause or consideration, but the purchase price has never been actually paid. In which case, the deed of sale has no legal effect and any transfer certificate of title which has been issued as a result thereof must be cancelled. Likewise, the principle of *in pari delicto* does not apply.<sup>53</sup> The parties may recover from each other what they may have given under the contract.<sup>54</sup>

In contrast, in a relative simulation, the parties conceal their true agreement.<sup>55</sup> In a relative simulation, the parties may still be bound by their

<sup>47</sup> *Riosa v. Tabaco La Suerte Corporation*, 720 Phil. 586, 598 (2013).

<sup>48</sup> *Id.*

<sup>49</sup> CIVIL CODE, Article 1318.

<sup>50</sup> *Clemente v. Court of Appeals, et al.*, 771 Phil. 113, 125-126 (2015).

<sup>51</sup> *Heirs of Spouses Intac v. Court of Appeals, et al.*, 697 Phil. 373, 384 (2012), *supra* citing *Sps. Lopez v. Sps. Lopez*, 620 Phil. 368, 378-379 (2009).

<sup>52</sup> CIVIL CODE, Article 1345, *Heirs of Spouses Intac v. Court of Appeals, et al.*, *supra*.

<sup>53</sup> *Yun Bun Guan v. Ong*, 419 Phil. 845, 956 (001).

<sup>54</sup> *Clemente v. Court of Appeals, et al.*, *supra* at 124.

<sup>55</sup> CIVIL CODE, Article 1345.

agreement when the enforcement of the contract does not prejudice third persons and is not intended for any purpose that is contrary to law, morals, good customs, public order or public policy.<sup>56</sup>

In a case for declaration of nullity of an instrument for being simulated, the burden is upon the person who impugns its regularity and validity<sup>57</sup> to establish the contract's inexistence by preponderance of evidence. This is because the law presumes that a transaction has been fair and regular.

Preponderance of evidence means the probability of the truth. It is the weight, credit, and value of the aggregate evidence on either side. It is evidence that is more convincing or worthier of belief than that which is offered in opposition thereto. Preponderance of evidence is synonymous to "greater weight of evidence" or "greater weight of credible evidence."<sup>58</sup>

In civil cases, this burden of proof always rests upon the plaintiff. However, when in the course of trial, the plaintiff successfully makes out a *prima facie* case in his favor, "the burden of evidence shifts to the defendant to controvert the plaintiff's *prima facie* case, otherwise, a verdict must be returned in favor of the plaintiff."<sup>59</sup>

After a careful scrutiny of the records of the case at bar, the Court finds that the petitioners, as plaintiffs, were able to discharge this burden. The petitioners were able to establish by preponderance of evidence that no contract of sale involving the subject properties has been perfected and that the *Deed of Absolute Sale* dated April 8, 1996 is absolutely simulated.

The primary consideration in determining the true nature of a contract is the intention of the parties. Such that when a conflict exists between the express terms of an agreement and the evident intention of the parties, the latter prevails. Thus, such intention is judged not only from the words of the contract, but also from the contemporaneous and subsequent acts of the contracting parties.<sup>60</sup>

Respondent Madlangbayan is an agent of the petitioners, vested with the power to negotiate the sale of the subject properties. The agency is created and evidenced by one general power of attorney and one special

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<sup>56</sup> CIVIL CODE, Article 1346.

<sup>57</sup> *Ramos v. Heirs of Honorio Ramos Sr.*, 431 Phil. 337, 339 (2002).

<sup>58</sup> *Tan v. Hosana*, 780 Phil. 258, 266 (2016).

<sup>59</sup> *Dantis v. Maghinang, Jr.*, 708 Phil. 575, 588-589 (2013), citing *Jison v. CA*, 350 Phil. 138, 173 (1998).

<sup>60</sup> *Heirs of Spouses Intac v. Court of Appeals, et al.*, supra note 51 at 387-388.

power of attorney, pursuant to which, respondent Madlangbayan dealt with potential buyers respondents Dalida, et al. In April 1996, he acted as agent of the petitioners when he received respondent Dalida, et al.'s offer to purchase the subject properties. Respondent Madlangbayan also acted in representation of the petitioners when he rejected the offer placed on April 10, 1996. Thus, there is no contest that at the time respondent Madlangbayan negotiated with respondents Dalida, et al. he was still possessed with the requisite authority to deal with the subject properties. Nonetheless, at that point, it was clear that no contract was perfected as the parties failed to agree on the purchase price. In order "[t]o produce an agreement, the offer must be certain and the acceptance timely and absolute."<sup>61</sup>

Consent, as an essential element of a contract of sale is manifested by "the meeting of the offer and the acceptance of the thing and the cause, which are to constitute the contract."<sup>62</sup> The contract of sale is perfected with the union of the contracting parties' minds upon the thing that is the object of the contract and upon the price which constitutes the consideration therefor.<sup>63</sup>

To convert the offer into a contract, the acceptance must be identical in all respects with that of the offer. Where a party sets a different purchase price than the amount of the original offer, the acceptance is qualified. In which case, a perfected contract would have arisen only if the other party accepts the counter-offer. Otherwise stated, any modification or variation from an offer annuls such offer and does not generate consent.<sup>64</sup>

The tenor of respondent Madlangbayan's letter to respondents Dalida, et al. is telling that the parties did not pass the negotiation state:

Bauan, Batangas

April 10, 1996

Rolando Z. Dalida  
Chairman of the Board  
Rural Bank of Bauan Inc.  
Bauan, Batangas

My dear Mr. Dalida,

<sup>61</sup> CIVIL CODE, Article 1319; *The Insular Life Assurance Co., Ltd. v. Asset Builders Corporation*, 466 Phil. 751, 754 (2004).

<sup>62</sup> CIVIL CODE, Article 1319.

<sup>63</sup> *Clemente v. Court of Appeals, et al.* supra note 50 at 123-124.

<sup>64</sup> *Heirs of Fausto C. Ignacio v. Home Bankers Savings and Trust Company, et al.*, 702 Phil. 109, 121-122 (2013).

I regret to inform you that after conferring with my client, the owner of the parcel of land I have been authorized to sell, they could not agree on almost all of your counter offer, particularly on the amount of the total consideration and the terms of payment. This is so because they are in great need of cash and the amount of SEVENTEEN MILLION PESOS is non-negotiable. However, if you could give a better offer I could agree to give you the right to buy the property after May 31, 1996.

Very truly yours,

(signed)  
Francisco P. Madlangbayan

Simply put, the parties failed to come into an agreement with the rejection of respondent Dalida, et al.'s counter offer.

The Court cannot simply brush aside the fact that the letter of respondent Madlangbayan rejecting respondent Dalida, et al.'s counter offer was dated two days after the date of *Deed of Absolute Sale*. The respondents failed to offer an explanation to justify the same. When made to explain, respondent Madlangbayan merely opined: “[b]ut as far as my Deed of Absolute Sale is concerned, that is the date when the Deed of Sale has been notarized.”<sup>65</sup>

The respondents having failed to offer evidence sufficient to justify why the rejection of the offer with the same parties came after the supposed execution of the Deed of Sale, it is more in accord with logic and ordinary human experience to conclude that the Deed of Absolute Sale dated April 8, 1996 is absolutely simulated. This conclusion is particularly supported by the fact that the said Deed is tainted with various irregularities which cloud its validity.

On its face, Deed of Absolute Sale dated April 8, 1996 states that it was notarized by Notary Public Atty. Henry Adasa on the same date it was executed, with the following notarial details: Doc. No. 350, Page No. 70, Book No. XII, Series of 1996.<sup>66</sup> However, it is not disputed that the same does not appear in Atty. Adasa's Notarial Registry for the year 1996. Atty. Adasa claims that the failure is by mere inadvertence. Regardless of the reason for such omission, the failure of Atty. Adasa to register the subject Deed of Absolute Sale casts doubt on the authenticity of the document. Registration of the notarized document in the notarial registry is basic requirement in the notarial process. The notarial registry is a record of the notary public's official acts. Acknowledged documents and instruments recorded in it are considered public documents. The notarial registry is a

<sup>65</sup> Records, Vol. II, p. 654.

<sup>66</sup> Id.

record of the notary public's official acts. Acknowledged documents and instruments recorded in it are considered public documents. A document or instrument which does not appear in the notarial records or without a copy of it therein, suggests that the document or instrument was not really notarized.<sup>67</sup> Without registration, a document or instrument while signed by the Notary Public cannot be treated as duly notarized. It cannot be treated as a public document<sup>68</sup> and as such, is not entitled to the presumption of regularity. The document or instrument does not have for its benefit that which is due to public documents, that is that genuineness and due execution need not be proved. Irregular notarization reduces the evidentiary value of a document to a private document which requires proof of its due execution and authenticity to be admissible as evidence.<sup>69</sup>

While, on its own, the absence of registration does not invalidate the Deed of Sale, considering however the presence of the letter dated April 10, 1996 rejecting respondent Dalida, et al.'s counter offer, the case yields in favor of the petitioner.

Interestingly, it was only in response to the Complaint for revocation filed on July 14, 1997, that respondent Madlangbayan brought to the attention of the petitioner's that the property had been sold and as a result, the power of attorney could no longer be revoked.<sup>70</sup> Relevant to the sale of the subject properties, a Deed of Absolute Sale dated April 8, 1996, for the amount of ₱10,000,000.00 was presented by respondents Dalida, et al.

The authority given to respondent Madlangbayan was expressly revoked in an instrument dated May 3, 1996.<sup>71</sup> This would have been sufficient to revoke the agency, but as the owner's duplicate TCT remained with respondent Madlangbayan, the petitioners filed an Affidavit of adverse claim on July 1, 1997. On July 14, 1997, the petitioners filed a case for annulment of respondent Madlangbayan's authority. Simultaneously, petitioners also filed a notice of *lis pendens* which was annotated on the TCT of the subject properties.<sup>72</sup>

A contract of agency is extinguished by its revocation.<sup>73</sup> As agency is a personal contract of representation that is based on the trust and confidence reposed by the principal upon the agent,<sup>74</sup> it may be revoked by the principal

<sup>67</sup> *Bernardo v. Atty. Ramos*, 433 Phil. 8, 16-17 (2002).

<sup>68</sup> Cf. *Id.*

<sup>69</sup> *Riosa v. Tabaco La Suerte Corporation*, supra note 47 at 602.

<sup>70</sup> *Rollo* pp. 51-52.

<sup>71</sup> *Id.* at 52, 14.

<sup>72</sup> *Id.* at 52.

<sup>73</sup> CIVIL CODE, Article 1919.

<sup>74</sup> *Republic of the Philippines v. Judge Evangelista*, 504 Phil. 115, 121 (2005).

In addition, as successors-in-interest, respondents Go, et al. stand exactly in the shoes of their predecessor-in-interest, respondents Dalida, et al. The latter, as buyers in a simulated sale acquired no right of ownership over the subject properties and had nothing to transfer to respondents Go, et al.<sup>83</sup>

There being no valid transfer of the subject properties, the petitioners remained to be the owners thereof.

As a final note, with the admission of Atty. Adasa that out of inadvertence he failed to register the subject Deed of Absolute Sale, the Court deems it appropriate to issue him a stern warning that a repetition of the same or similar acts shall be dealt with more severely. Time and again, the Court has constantly reminded Notaries Public that their solemn duties are imbued with public interest and are not to be taken lightly.<sup>84</sup> Hence, they must “observe with utmost care and fidelity the basic requirements in the performance of their duties; otherwise, the confidence of the public in the integrity of the notarized deeds will be undermined.”<sup>85</sup>

**WHEREFORE**, in consideration of the foregoing disquisitions, the instant petition for review on *certiorari* is **GRANTED**. The Decision dated September 26, 2016 of the Court of Appeals in CA-G.R. CV No. 105049, and its Resolution dated December 28, 2016, are **REVERSED and SET ASIDE**. The Judgment dated December 10, 2014 of the Regional Trial Court of Batangas City, Branch 84, is hereby **REINSTATED**.

In addition, for failure to register the Deed of Absolute Sale dated April 8, 1996, presented to him for notarization, Atty. Henry Adasa is **STERNLY WARNED** that a repetition of the same or similar acts in the future shall be dealt with more severely. Let a copy of this Decision be furnished the Office of the Bar Confidant, to be appended to his personal record.

**SO ORDERED.**

  
**SAMUEL H. GAERLAN**  
Associate Justice

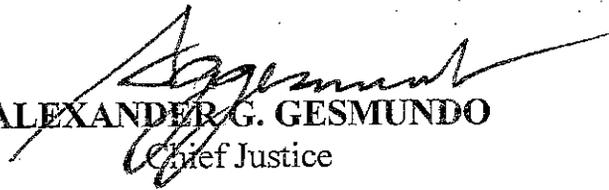
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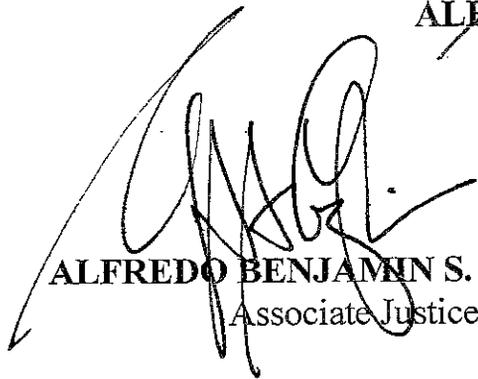
<sup>83</sup> Id.

<sup>84</sup> *Dr. Malvar v. Atty. Baleros*, 807 Phil. 16, 30-31 (2017).

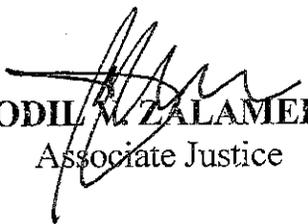
<sup>85</sup> Id.

WE CONCUR:

  
**ALEXANDER G. GESMUNDO**  
Chief Justice

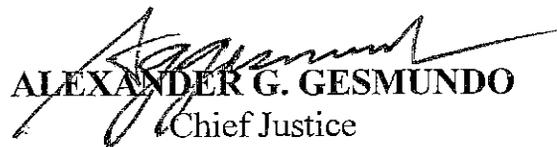
  
**ALFREDO BENJAMIN S. CAGUIOA**  
Associate Justice

  
**ROSMARI D. CARANDANG**  
Associate Justice

  
**RODIL M. ZALAMEDA**  
Associate Justice

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**ALEXANDER G. GESMUNDO**  
Chief Justice